IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Applicant:	Ross L. Stevens et al.	)	
Serial No.:	10/711,889	)	
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Group Art Unit:	3691	)	
Examiner:	John O. Preston	)	
		)	
Attorney Docket:	014033-000037	)	
		)	
Title:	METHOD AND SYSTEM FOR BLOCK TRADING OF SECURITIES	)	

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REMARKS IN SUPPORT OF PRE-APPEAL BRIEF REQUEST FOR REVIEW

Applicants submit that the current and preceding office actions issued by the Examiner in the present application contain clear errors in the Examiner's rejections as well as omissions of one or more essential elements needed for a *prima facie* rejection under 35 U.S.C. § 103.

Applicants' invention obviates the need to search for and facilitate negotiations between parties for the block trading of securities by providing an automated pricing mechanism that makes the dealer a party. More specifically, the independent claims all recite the provision of, or determining of, an *automated customized* quote or quotes. This concept is supported in the specification in multiple places, for example, paragraphs [0008], [0018] and [0019].

The Examiner rejects claims 1-11, 13, 16, 17, 19, 22, 31-33 and 35 under 35 U.S.C. § 103(a) as being obvious in view of "Gianakouros" in combination with "Gladstone." When establishing the obviousness of a claim, the Examiner must consider *all* of the claim recitations in view of the prior art. M.P.E.P. § 2143.03. With respect to independent claims 1, 7, 11 and 31 there are a number of deficiencies in the Examiner's reliance on Gianakouros. Gianakouros provides a system to bring two natural block trading customers together. The system of Gianakouros is simply a matching service. Prices in Gianakouros are determined by negotiation between the parties using the electronic system as an intermediary. The parties can enter various

information and parameters, but actual quotes are negotiated. Independent claims 1, 7, 11 and 31 all recite the provision of, or determining of, an *automated customized* quote or quotes. The Examiner looks to Gianakouros, paragraphs [0024]-[0027] for teaching related to this recitation. This portion of Gianakouros discusses facilitating *negotiations* to obtain a price, teaching that is directly opposite of what Applicants claim. The Examiner has further cited paragraphs [0035] and [0036] of Gianakopulos, which refers only to price limits.

In the recent Advisory Action, the Examiner has stated that Gianakopulos "implies that the transaction would involve the delivering of a quote . . .." However, even assuming *arguendo* that this statement is true, such a quote is not an *automated customized* quote. The Examiner cannot simply discard recitations of a claim that have clear meaning based on the specification, nor can the Examiner simply ignore these meanings to make it more convenient to reject a claim. Definitions in the specification will control interpretation of the term as it is used in the claim. M.P.E.P. § 2111.01(IV).

The Examiner's reliance on Gladstone is also misplaced. The Examiner suggests that paragraphs [0008]-[0009] of Gladstone somehow teach automating equity trades "which includes formulating an automated customized quote." These paragraphs of Gladstone do not discuss quotes or even mention the word "quote." The rest of Gladstone suggests trigger criteria. To the extent these trigger criteria may be based on prices, the criteria are based on market prices, which are decidedly not customized.

Dependent claims 2-6, 8-10, 13, 16, 17, 19, 22, 32-33 and 35 cannot be obvious in view of Gianakouros in combination with Gladstone for at least the same reasons discussed above. However, with respect to dependent claims 3, 4 and 13, the claims recite that a historical characteristic of the security that the customized quote is based on can be the average spread, liquidity, and/or volatility. The Examiner looks to paragraph [0075] of Gianakouros for teaching related to this recitation, but no such teaching can be found there. These characteristics are not even mentioned. In the Advisory Action the Examiner "interprets" this recitation to include VWAP and other various prices, but in Gianakouros, these prices are not historical in nature.

The Examiner has rejected claims 23-27, 29, 27-41 and 43 under 35 U.S.C. §103(a) as being obvious in view of "Olavson" (of record) in combination with Gianakouros and Gladstone. With respect to independent claims 23 and 37, the Examiner is applying Olavson and

Gianakouros in similar manner as applied previously, suggesting that paragraphs [0118], [0126] and [0132]-[0134] of Ovalson teach the concept of the use of a function that takes into account a profitability simulation to produce an automated customized quotation. Olavson is not even related to quoting a *specific price for a security*, but rather forecasting *generic prices of a commodity*. The prices forecasted by Olavson are estimates and not quotes, they are decidedly not *customized*, and they do not rely on a profitability simulation. In fact the only mention of the terms "profit" or "profitability" in Olavson is related to assumptions relative to production costs and/or market share.

With respect to the profitability simulation, the Examiner has changed his position in the Advisory Action, stating that he has not relied on Olavson to teach the profitability simulation. Yet, in the final office action, the Examiner expressly states on page 19, "Olavson suggests running a regression analysis" and "determining coefficients for the function based at least in part on a profitability simulation." In the Advisory Action, the Examiner further states that he instead relied on "Balabon to suggest establishing profitability constant." Applicants disagree that Balabon teaches a profitability constant (see below). However, even if Balabon did teach a profitability constant, a profitability *simulation* and a profitability *constant* are two different things by any definitions available.

With respect to claims 23 and 37, the Examiner relies again on Gladstone to teach automating equity trades "which includes formulating an automated customized quote." Gladstone does not discuss or teach automated, customized quotes as discussed previously. Independent claims 23 and 37 therefore cannot be obvious in view of Olavson, Gianakouros and Gladstone. Applicants re-iterate their arguments from above as to the meaning of an automated, customized quote.

Claims 24-27, 29, 38-41 and 43 are dependent claims and are patentable over the combination of Olavson, Gianakouros and Gladstone for at least the same reasons discussed immediately above. However, claims 25, 26, 37, 39 and 40 are also patentable for the additional reason that they recite that the customized quote is based on the average spread, liquidity, and/or volatility. This teaching is not present in Gianakouros, as previously discussed.

The Examiner has rejected claims 28, 30, 42 and 44 under 35 U.S.C. § 103(a) as being obvious in view of Olavson in combination with Gianakouros and Gladstone, and further in

combination with Balabon. These claims are all dependent from one of the claims discussed above. The combination of Olavson, Gianakouros and Gladstone as applied to the base claims has already been discussed above, and claims 28, 30, 42 and 44 are patentable over the combination of Olavson, Gianakouros, Gladstone and Balabon for at least the same reasons given above. However, claims 28, 30, 42 and 44, as amended, each recite the use of *profitability constant*. The Examiner relies on Balabon for teaching corresponding to this recitation, but merely points to a discussion of a desired profit margin, not a profitability constant. Claims 28, 30, 42 and 44 are patentable over the combination of Olavson, Gianakouros, Gladstone and Balabon for at least this additional reason.

The Examiner has rejected dependent claims 34 and 36 under 35 U.S.C. § 103(a) as being obvious in view of Gianakouros in combination with Gladstone and Balabon as applied above with respect to recitations in the base claims. Claims 34 and 36 are patentable over the combination of Gianakouros, Gladstone and Balabon, for at least the same reasons discussed above with respect to the corresponding recitations.

As the Examiner's rejections have been shown to be in clear error and lack essential elements of a *prima facie* Section 103 rejection, Applicants request that these claims be allowed to issue.

Respectfully submitted,

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